



CITY COUNCIL

Work Session

***Work Session
Penn Room***

***Monday, December 20, 2010
7:00 P.M.***

Although Council Work Sessions are open to the public, public comment is not permitted. However, citizens are encouraged to attend and observe the work sessions. Comment from citizens or professionals during the work session may be solicited on agenda topics via invitation by the Council President.

- I. Call to Order**
- II. Managing Director's Report**
- III. Council Staff Report**
- IV. African-American Museum Update (F. Gilyard)**
- V. Review of Financial Policies (PFM)**
- VI. Payments in Lieu of Taxes (F. Denbowski)**
- VII. Adjourn**

City of Reading

City Council

Work Session & Budget Review

Monday, November 15, 2010

Councilors Attending: J. Waltman, D. Sterner, F. Acosta, D. Reed, M. Marmarou, M. Goodman-Hinnershitz

Others Attending: L. Kelleher, C. Younger, C. Geffken, T. McMahon, F. Denbowski, C. Weidel

Man Director's Report

Mr. Geffken read the report distributed to Council at the meeting covering the following:

- Public Meetings on the Housing and Economic Development Strategies on Tuesday, November 16th and Wednesday, November 17th (respectively) in Council Chambers at 7 p.m.
- Mayor's plan to address the City's proposed budget and tax increases on Friday, November 19th at 4 p.m.
- Success of County Graffiti Abatement program in removing graffiti from 489 city properties
- Cash flow as of October 31 at \$1.6M
- Groundbreaking ceremony for the Save-a-Lot grocery store at 8th and Oley Streets.

Mr. Sterner stated that he was pleased to learn about the economic development project at 8th and Oley Streets. He announced that the opening celebration of the Hillside Playground Light Display is scheduled for Sunday, November 21 at 6 p.m.

Ms. Reed questioned Reading's Future LLC involvement in the economic development project at 8th and Oley. Mr. McMahon stated that some funding passed through Reading's Future LLC through Our City Reading.

Ms. Reed inquired about the disposition on the \$15M allocation to Reading's Future LLC and the amount that will be used for inner-city economic development projects. Mr. McMahon stated that these are federal dollars that will not effect the City's annual CDBG allocation. Mr. Geffken offered to follow-up.

Mr. Marmarou questioned if this grocery store is a chain-type facility. Mr. Geffken stated that other Save-a-Lot grocery stores are located in Muhlenberg, Shillington, etc.

Council Staff Report

Ms. Kelleher stated that this agenda item was requested by Council President Spencer, as he wanted to make sure Council had an opportunity to review the monthly report and ask for additional information. Ms. Kelleher stated that the report was late this month due to the budget meetings.

Ms. Kelleher highlighted the need for Council, the Mayor and others to contact the members of the Reading Hospital Board of Directors concerning the need for the Board to approve the agreement to accept title to the Navy Marine Center parcel, located on Kenhorst Blvd. She stated that as the Reading Hospital is experiencing transitional issues, they have shelved all capital projects. The Navy and other federal offices have said that if the Hospital refuses to execute the required agreement, they will put the parcel up for public sale, which will eliminate the Hospital's ability to obtain the property at no cost. She reminded everyone how quickly the Armory building at 12th and Exeter Streets turned into a blighted property and had a negative impact on the neighborhood. She stated that the City undertook the LRA project to avoid this very thing at the Navy Marine Center. She stated that the list of Reading Hospital Board members is attached to the report and encouraged Council, the Mayor and others to contact the Board to encourage them not to shelve this project.

Removal of Neighborhood Trash Cans

Mr. Denbowski and Mr. Zolna distributed information on the container program. Mr. Denbowski stated that as the original receptacles are beginning to show their age they are being replaced with dual-use and Can It receptacles. He stated that a number of the original cans were abused with household trash which caused solid waste to overflow from the cans. He stated that City employees empty the neighborhood receptacles weekly; however, those with household trash required more frequent collection.

Mr. Denbowski stated that approximately 125 Can It receptacles are slated to go out by June 2011. He noted that Can It receptacles become the responsibility of those who request them, which reduces the workload on staff. He also stated that many of the City's food establishments have City receptacles. However, as the Health Code requires these businesses to have receptacles outside their businesses, the City's cans are being removed. He noted that trash removal will become the responsibility of the business owner.

Mr. Denbowski stated that City receptacles will remain at public buildings, parks, playgrounds and high pedestrian areas.

In response to a question, Mr. Denbowski stated that the Can It receptacles are more durable than the City's receptacles and have a longer life expectancy. He stated that Wood to Wonderful seeks contributions to cover the cost of the program and that the receptacles are donated. He noted that the City's Solid Waste program makes a contribution to the cost of the Can It program.

Housing Update

Mr. Kromer stated that he is currently working to draft the Housing and Economic Development strategies that are required by the Act 47 Recovery Plan. He stated that Eric Weiss is assisting with the Housing component and Jim Hartline is assisting with the Economic Development component. He stated that a small work group will be working to develop both strategies; however, he noted the need for monthly public input which will begin with public sessions on Tuesday the 16th and Wednesday the 17th at 7 pm in Council Chambers.

Mr. Kromer stated that the strategy will not be a list of recommendations but a plan that will be implemented as it is developed. He noted Reading's high chance of success due to the interest of some City staff and the public.

Budget Review

Mr. Younger distributed a legal opinion on the allocation to BCTV and the potential for conflict. He stated that after review he believed that a conflict with this allocation does not exist as the Mayor is not receiving personal gain through the contribution.

Mr. Geffken distributed letters to RAWA covering the sale of the 122 acre Ontelaunee parcel and the need for RAWA's financial assistance as listed in the Act 47 Recovery Plan.

Mr. Denbowski stated that he, Mr. Spencer, Mr. Miller and Mr. Setley met last week to discuss these issues which resulted in the letters.

Mr. Waltman questioned why a proposal was made in writing before it was discussed with the members of Council.

Ms. Goodman-Hinnershitz expressed concern that the Council President did not inform the body that the meeting was scheduled and what was discussed at the meeting.

Mr. Geffken stated that Mr. Setley and Mr. Miller requested a written proposal for the RAWA board to react to. Mr. Denbowski stated that the memo was to be reviewed with the Council President; however, as he is out of town, they thought it best to send the letters as the RAWA board is meeting tomorrow afternoon.

Ms. Reed noted the need for the Administration to advise Ontelaunee Township that the City is offering the parcel to RAWA. Mr. Geffken stated that the Administration has been in communication with Ontelaunee Township.

Ms. Reed inquired why an RFP for the sale of this parcel was not prepared. Mr. Younger stated that an RFP is not required if the transaction involves a municipality or municipal agent.

Mr. Sterner stated that this is only a starting place. He noted that Council will need to approve the transaction by ordinance.

Mr. Waltman expressed concern that the City is moving too quickly. He noted the need to perform due diligence before approving this transaction. He warned about acting too hastily. He noted his belief that the memo steps away from the original concept.

Mr. Geffken warned that without the sale of the 122 acre parcel, the City will need to add \$1M to the unfunded debt loan.

Budget Review

Mr. Waltman and Mr. Acosta distributed copies of the proposed adjustments submitted by Mr. Waltman. Mr. Acosta stated that he did not receive any additional adjustment proposals. He inquired if anyone present had prepared adjustment proposals. No one responded.

Ms. Goodman-Hinnershitz expressed concern that that the adjustments are the same approach used in the past. She noted the need to move forward while considering the affect adjustments could have on future years.

Mr. Geffken stated that the proposed adjustments are unrealistic and will be vetoed if placed into the budget.

Mr. Waltman stated that if all the adjustments are accepted, the property tax could be reduced to a 5% increase. He expressed the belief that the adjustments are small and doable. He reminded everyone that earlier tonight Council heard Berks EIT predict that they will improve EIT collection; however they refused to make a collection projection.

Mr. Waltman suggested that the Mayor and Administration use this opportunity to set increased EIT collection as a goal, rather than accepting flat numbers from those who are already paying. He also noted that the Act 47 Recovery Plan contains initiatives valued at approximately \$2M that will not be realized in 2010 and 2011.

Mr. McMahon expressed the belief that the proposed adjustments are unrealistic and perhaps politically motivated.

Mr. Waltman reminded Mr. McMahon that the numbers were developed based on the examination of prior years. He noted that the severe lack of delinquent EIT collection needs to become an Administrative goal. He stated that the people already paying annual taxes are being taxed to death. He stated that this practice must change.

Mr. McMahon stated that the City's financial problems are related to legacy issues and are not the fault of the current Administration. He asked Council to ignore the proposed adjustments

as there are too many uncertainties as the City moves forward. He expressed the belief that any improved collection by Berks EIT should offset tax increases for 2012. He stated that use of the proposed adjustments will require layoffs and reduction of services.

Mr. Acosta noted the need for the City to define its core services. He noted that citizens are reacting negatively to the proposed 20% property tax increase.

Mr. Sterner expressed the belief that the daily or monthly cost of the proposed 20% property tax increase is relatively small. He stated that people are reacting to the double digit number without knowing the effect it will actually have.

Mr. Geffken displayed a spreadsheet showing the effect the 20% property tax increase will have on properties. For example, a property assessed at:

- \$25K will experience an annual increase of \$59.73.
- \$65K will experience an annual increase of \$155.25.
- \$100K will experience an annual increase of \$250.85

Ms. Goodman-Hinnershitz expressed the belief that this is a small price to pay for the continued level of police protection.

Ms. Reed noted the need for Council to consider the bottom line and the impact this will have on the middle class citizen the City is trying to retain and attract. She stated that the average middle class resident is already pushed to the limit.

Mr. Sterner and Mr. Marmarou expressed the belief that as the majority of City properties are rental that the increase is fair. Mr. Marmarou added that Senior Citizens also have the ability to seek assistance from the State Rebate Program and other social service programs. He added that the Homestead Relief also offers some assistance.

Ms. Reed inquired about the effect that annual assessment reductions will have on the City's overall property tax collection. Ms. Weidel stated that those figures are evaluated at the beginning of each calendar year.

Ms. Goodman-Hinnershitz inquired about the City's ability to appeal the decisions of the Assessment Board. Mr. Younger stated that the City can appeal the decision of the Assessment Board within 30 days.

Ms. Kelleher stated that Attorney John Bradley attends the Assessment Hearings for the School District and City for assessment reduction requests valued at a minimum of \$100K. She suggested speaking with the School Board about reducing the minimum.

Mr. Younger stated that the School Board has instructed Mr. Bradley not to attend assessment appeals on behalf of the City.

Mr. Marmarou noted the need for the Mayor and Administration to consider the impact improved collections of EIT and Per Capita would have on the City's financial situation.

Ms. Kelleher stated that the Act 47 Recovery Plan states that there are currently 57,000 citizens who should be paying Per Capita tax, which would yield approximately \$280K per year. Mr. Geffken stated that \$80K is projected for 2011 Per Capita Tax collection as 16,000 are expected to pay the tax. Ms. Kelleher added that Allentown collects approximately \$280K annually.

Mr. Sterner and Mr. Marmarou stated that if the Administration refuses to properly collect Per Capita, the tax should be repealed.

Mr. Geffken expressed the belief that this tax is not worth collecting.

Mr. Waltman noted the cumulative effect the increasing taxes have had on the average taxpayer. He stated that he could support the proposed tax increases if the Administration was willing to commit to fixing the City's broken systemic problems. However, the Administration still refuses to admit that the systemic problems exist.

Mr. Sterner stated that as 75-80% of the budget is salaries, pensions and benefits, any further reduction would reduce manpower and services.

Mr. Acosta inquired if those present would consider adopting the budget before Council today. The poll ended three (3) Councilors in favor of the proposed budget and three (3) Councilors opposed to the proposed budget.

Mr. Acosta also stressed the need for the Mayor to offer a clear explanation about the proposed budget and tax increases. Ms. Goodman-Hinnershitz agreed that limited information leads to misperceptions.

Mr. Acosta announced that the next Budget Review meeting will be held on Wednesday, November 17th at 4:30 pm in the Penn Room.

The meeting adjourned at approximately 8:45 p.m.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk



Council Staff Report

11/01/10 through 11/30/10

Council Staff

Linda Kelleher, City Clerk

Michelle Katzenmoyer, Deputy City Clerk

Maritza Loaiza, Administrative Assistant

Constituent Service

The following table is a rough tabulation of the number and type of issues addressed by the Council Office in September:

Calls for Directory Assistance

Call Type	Number of Calls
Solid Waste	6
Codes	16
Tax	7
Mayor	4
Police	7
Fire	2
Community Development	3
Planning & Zoning	6
Human Resources	9
Accounting/Finance	10
Law	2
Managing Director	2
RAWA	11
Public Works	17
IT	1
Parking Authority	0
Call Center	7
Human Relations Commission	1
Parks/Recreation	0
Streets	2
Building and Trades	6
Other Departments	2
Total Calls	121

<u>Messa</u> <u>ge for</u> <u>Counc</u> <u>il</u>	<u>Complai</u> <u>nts</u>	<u>Non-City</u> <u>Directory</u> <u>Assistanc</u> <u>e</u>	<u>Calls</u> <u>Handled</u> <u>In-Office</u>	<u>Tot</u> <u>al</u> <u>Call</u> <u>s</u>	<u>Wal</u> <u>k-</u> <u>Ins</u>	<u>Email</u> <u>Reque</u> <u>sts</u>	<u>Email</u> <u>Complai</u> <u>nts</u>	<u>Total</u> <u>Email</u>	<u>Total</u> <u>Constit</u> <u>uent</u> <u>Service</u> <u>e</u>
24	5	44	222	416	43	468	639	1107	1523

Houses Identified As Missing Housing Permits, Business Licenses, or Both

Areas Covered: MDJ Cases
Property transactions
Citizen complaints
Assessment Appeals

Total (Since Feb. 2008): Approx. 9808

Staff Activities

Between 11/01/10 and 11/30/10 Council staff accomplished the following tasks:

Drafted and Prepared

Linda:

- BPRC Determination & Certification Hearing notices, certification & determination orders, agendas
- BPRC Affidavits for Codes, Trades, Tax, RAWA, Solid Waste
- Budget Review Meeting Reports
- Budget Review Follow-Up List
- Act 47 Implementation Meeting Reports
- Finalize Vending Inspection Program Ordinance
- Finalize Transfer Ordinance
- Ads, Notices, Correspondence re conditional use hearings for 245 S 4th St & 1051 Chestnut St
- Correspondence to Tax, Auditor, Managing Director, Planning re annual DCED form completion

Michelle:

- BAC Expiration letters
- BAC Background Checks
- BAC Background Issues letters
- Complaint Updates
- Solicitation Permit Database Update
- Accounts Payable
- Staff Report
- Meeting Summaries

- Meeting Agendas
- Letter to Ermete Rafaelli
- Commendations
 - Berks County Marines in Action
 - Veteran's Day
 - Hogar Crea
- Appointment/Reappointment Resolutions
 - Brian Burket
 - Robert Swope

Maritza:

- Copy and distribute all memos, handouts, and agendas per City Clerk to Council and other departments
- Scan legislation
- File all paperwork (i.e., contracts, minutes, agendas, bills, ordinances, resolutions, etc.) accordingly
- Distribute incoming mail to office staff and council members
- Register meeting speakers as requested
- Prepare and mail Thank You letter for invocators at City Council meetings
- Prepare and mail Thank You letters to speakers
- Answer constituent questions to best of my ability, forwarded complaints to appropriate departments, and updated complaint log
- Assisted constituents with legislative information they were researching or requesting
- Mail all necessary handouts/paperwork to BAC members
- Updated Codified Ordinance Books, current and vault copies
- Translate any needed fliers and documents
- Locate, Scan, and/or Copy requested legislation for various departments, other entities, or constituents.
- Type and correct dictation done by City Clerk
- Complete accounts payable forms and update budget
- Prepare Council agenda packets
- Prepare Board of Health agenda packets
- Prepare Board of Health minutes
- Train Office Intern

All staff:

- Committee of the Whole minutes, Committee meeting minutes and Regular minutes
- Drafted correspondence and memos for members of Council

Researched

Linda:

- Allentown, Harrisburg, Bethlehem Annual Expenditures & Revenues, past 4 years
- Budget adoption procedures in PA cities
- Property Tax Collections in other PA cities

- Vacation re Kerper St, Riverdale area, & Housing Authority properties
- Real Estate sold on E-bay

Michelle:

- Bernhart Park studies
- EIT rates in Lancaster, Allentown and Bethlehem for 2005-2010
- Bond language

Maritza:

- None

Meetings Attended

Linda:

11/1 – Budget Review
 11/3 – Chamber Marketing Committee
 11/3 – Budget Review
 11/4 – Act 47 Implementation
 11/5 – E. Weiss re Codes
 11/5 – Mayor re Orangestone
 11/6 – Budget Review
 11/7 – Hearing Orangestone Appeal
 11/7 – Oath Lourdes Torres for Diversity Board
 11/14 – Historic District Meeting
 11/16 – Haver, Mayfield re BPRC Hearing
 11/16 – T. Butler re BPRC Hearing
 11/16 – Legislative Aide Meeting
 11/17 – Reading Hospital re LRA
 11/17 – Business Analyst re Budget
 11/17 – S. Haver re BPRC Hearing
 11/17 – Housing Meeting
 11/18 – Albright re student housing
 11/18 – BPRC Determination & Certification Hearings
 11/19 – Oath Brian Burket for Planning Commission
 11/19 – Conference Call OEA re LRA
 11/19 – Conference Call Navy re LRA
 11/19 – Conference Call Mary's Shelter re LRA
 11/19 – Budget Press Conference
 11/20 – Conference Call OEA re LRA
 11/20 – Conference Call Navy re LRA
 11/21 – Commissioner Barnhardt re LRA
 11/21 – E. Weiss re Codes
 11/30 – J. Kromer re BPRC, Codes & Economic Development

Michelle:

11/1 – Committee of the Whole
 11/1 – General Fund Public Hearing
 11/1 – Administrative Oversight Committee
 11/3 – Public Comment Webinar

11/8 – Committee of the Whole
11/15 – Committee of the Whole
11/16 – Park and Recreation Advisory Committee
11/18 – Act 47 Implementation
11/18 – Official Map training
11/19 – DocStar Conference Call
11/19 – Greenbelt Traffic Signal project
11/19 – Budget Press Release
11/22 – Insurance Benefit changes
11/22 – Committee of the Whole
11/23 – Bid Opening – Police Uniforms
11/29 – Outlook “Get Out of Your Inbox” training
11/29 – Committee of the Whole
11/30 – DocStar Web training
11/30 – Environmental Advisory Council “Summit”
11/30 – Environmental Advisory Council

Maritza: 11/19 – DocStar Conference Call

Right to Know Requests – 6

Activities of Boards, Authorities and Commissions

Environmental Advisory Council – The EAC held their second networking meeting to bring groups with environmental focus/concerns together to solve problems and brainstorm. The work with the Reading School District continues to move forward. They also held their monthly meeting and heard a presentation by Eron Lloyd of the Berks Sustainable Business Network. A member is currently working on a response from the City to EPA/Exide regarding the revised work plan for Bernhart Park and will conclude their long-range planning in December.

Park and Recreation Advisory Committee – The PARC did not meet in November due to a lack of quorum. However, work continues on the update to the 10 Year Park and Open Space Plan.

Board of Health – The Board of Health received a presentation from the Healthy Homes program representatives. They also reviewed and discussed the Bernhart Park remediation plan response. Their next meeting is scheduled for December 8 at 6 pm in the Penn Room.

Blighted Property Review Committee – The BPRC held a Determination and Certification Hearing on 11-18. One property – 116 N 3rd - was removed from the Certification agenda, as the property owner completed the rehabilitation of the property. Codes provided a letter showing that the property complies with the city’s Code regulations. Also of note, the demolition of 161 Clymer St is expected within 30 days. The Council Office obtained the list of “do not enter” properties from Fire Chief Rehr. We are in the process of preparing those properties for BRPC processing. With the new schedule the BPRC should be able to easily certify 60-70 blighted properties per year.

Legislative Aide Committee – The Legislative Aide Committee did further research on the Charter issue re the adoption of the Budget by December 15th and the requirement to use the Mayor's originally proposed budget if Council fails to adopt a budget by the 15th. They will be attending the January 3rd Committee Meetings (in a COW) setting to discuss their recommendation and to discuss their recommendation for a pet limitation in Reading with Council.

Reading LRA – Due to matters beyond the LRA's control it appears that the Reading Hospital may be withdrawing their proposal for the reuse of the Navy Marine Center on Kenhorst Blvd. The City Clerk has been discussing this issue with the Navy and OEA and is awaiting their recommendation. The LRA will be meeting in early January to discuss this issue.

PFM DRAFT

Reading Financial Policies

Structurally Balanced Budget: The City shall maintain a structurally-balanced budget in all funds. Recurring revenues will fund recurring expenditures. Non-recurring revenues and budget surpluses shall replenish reserve levels, support outstanding liabilities and pay for non-recurring expenditures, including capital projects, in that order.

The Director of Administrative Services shall demonstrate compliance or noncompliance with this policy to the Managing Director and City Council for each budget, forecast or actual report of financial results. For the purpose of this policy, recurring revenues shall include all revenues and transfers that are expected to be received on an ongoing basis, and shall exclude land or asset sales, use of fund balance, transfers from other funds that exceed ongoing and sustainable levels, and transfers from other funds that exceed legal limits.

Interfund Borrowing: The City will limit its use of interfund fund borrowing to obtain cash from one fund type or reserve to fund activities of another fund type or reserve, and will apply the following policies to such borrowings:

- (a) The borrowing is deemed a lawful use of such funds;
- (b) the Director of Administrative Services has determined that the funds to be borrowed will not be needed by the lending fund during the lending period;
- (c) the borrowing is for a temporary period while awaiting reimbursement from a grant or other outside funding source;
- (d) funds for repayment will be available by the end of the same fiscal year;
- (e) any actions taken to borrow funds under these conditions must be separately disclosed in the City's periodic financial reports to City Council;
- (f) any borrowing activity that cannot be repaid by the end of the fiscal year, other than temporary lags reimbursements, will be disclosed along with a plan for replenishment;
- (g) no such borrowing shall cause the City to be in noncompliance with its policy on structurally balanced budgets;
- (h) no such borrowing shall cause the City to be in noncompliance with applicable federal and/or state requirements or agreements; and
- (i) For existing borrowings that are not in compliance with this policy, the City shall adopt budgets and a plan to come into compliance by 2011.

Fund Transfers & Subsidies: The City may make permanent, annual transfers from other City funds into the General Fund under the following conditions:

- (a) Use a cost allocation method to allocate administrative and overhead costs to other funds or programs receiving administrative services from the City. The cost allocation method must be applied consistently across funds and years. The cost allocated to each fund must be sustainable by those other funds. A summary of the cost allocation method for each allocated cost shall be maintained in writing.
- (b) An adopted schedule for transfers that is included in the annual budget. Transfers that are not annual shall occur at least quarterly.

The City may also make transfers from enterprise funds according to the following conditions:

- (a) The transfer complies with all applicable federal and/or state requirements and agreements.
- (b) The transfer is based on an adopted calculation methodology applied each year. This methodology may be based on percentage of revenues, return on investment, percentage of net revenues, or other calculation adopted by the City Council. The methodology should be adopted consistently each year.

Financial Reports: The City Finance Department shall prepare reports to the City Council which estimate fiscal year-end projections for both revenues and expenditures. The process shall comply with initiative FI04 of the City's Act 47 Recovery Plan dated June 11, 2010.

Revenue Estimates: As a part of its budget process, the City shall establish an estimating conference process to assist in the development of its revenue estimates. The process shall comply with initiative RE07 of the City's Act 47 Recovery Plan dated June 11, 2010.

Report on Policy Compliance: The elected City Auditor will report annually to City Council on the City's compliance with these policies. This report shall be made publicly available.